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U.S. maxes out on credit

Sen. Judd Gregg

Are we there yet? Yes (sigh), we're there. The U.S. government has borrowed itself into an abyss of debt totaling \$12 trillion, and the law says that's all we get. The secretary of the Treasury has written Congress asking us to act "as soon as possible" to increase the nation's credit limit.

After hovering around 40 percent of gross domestic product for the past 30 years, our debt, owed collectively by all Americans, has taken a quantum leap this year.

Under the Obama budget plan, U.S. debt is headed into uncharted territory. Why? Because President Obama's budget promises deficits averaging \$1 trillion per year for the next decade. As a result, debt held by the public will double by 2013 and triple by 2019, when it will represent more than 80 percent of our economy.

In the future, we can expect many subsequent letters from the secretary of the Treasury asking Congress to raise the nation's credit limit.

These are clearly unsustainable levels. We cannot allow massive interest payments on the debt to pre-empt important funding priorities of national security, health care and education, but we will have no choice in the matter unless the president and the Congress take action now to prevent the spending that will result in such high levels of debt.

We are hearing similar warnings from around the world. One of the federal government's biggest debt customers is China. But a former adviser to the Chinese Central Bank said publicly that "the U.S. government should not be complacent" and noted that China has safer alternatives than buying U.S. Treasuries. We should be exporting goods; instead we are exporting debt.

Former Federal Reserve Chairman Alan Greenspan recently called the current level of U.S. debt "very dangerous" and said it must be confronted "immediately" before increased issuances of U.S. Treasuries undermine the dollar.

How many warnings are necessary? American families are tightening their belts - cutting out non-necessities, paying back the debt they owe, and saving, not borrowing, more. It's time for their leaders to do the same. It's time to follow the model of the American people and start taking the hard but necessary steps required to get back on the right fiscal track.

Therefore, when Congress votes on whether to increase the debt limit, that legislative action absolutely must include a clear plan for getting the debt under control.

In fact, if this Congress agrees to raise the debt limit without fundamental spending and debt reforms attached, it is implicitly agreeing to the Obama administration's plan for more spending, bigger government and unsustainable debt. By allowing new borrowing with no strings attached, Congress is positioning itself as the next systemic risk, passing on a burden to future generations. Our children will spend their lives struggling to pay off our debt with fewer jobs in an anemic economy because we were unwilling to address our overspending.

The first step is to stop pretending the federal government can do everything the political class wants. The next generations of Americans cannot foot the bill for a president and a Congress lurching to the left. The second step is to address the more than \$70 trillion in unfunded entitlement obligations as the baby-boom generation continues to retire and collect federal medical and retirement benefits.

The third step is to take action today to slow the growth in the debt by finding savings and using them not for new spending, but for deficit reduction. Freeze discretionary spending, end stimulus spending not expected to occur until after 2010, reform entitlements through fast track legislation, and be sure that all the repayments and interest under the Troubled Asset Relief Program (TARP) go to reduce the debt - these are the conditions for raising the debt ceiling.

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